

**Formpipe.**

## Interim report January - June 2016

### PERIOD APRIL 1 – JUNE 30, 2016\*

- Net sales SEK 101.5 m (SEK 88.3 m)
- System revenue SEK 61.3 m (SEK 58.9 m)
- Recurring revenue in percentage of net sales 43% (46%)
- EBITDA SEK 21.5 m (SEK 15.8 m)
- EBITDA margin 21.2 % (17.9 %)
- EBIT SEK 4.8 m (SEK 3.0 m)
- Net profit SEK 4.3 m (SEK 6.3 m)
- EPS before dilution SEK 0.08 (SEK 0.06)
- Cash flow from operating activities SEK 2.5 m (SEK 8.0 m)

### PERIOD JANUARY 1 – JUNE 30, 2016\*

- Net sales SEK 188.8 m (SEK 172.7 m)
- System revenue SEK 119.5 m (SEK 116.1 m)
- Recurring revenue in percentage of net sales 47% (48%)
- EBITDA SEK 37.9 m (SEK 34.4 m)
- EBITDA margin 20.1 % (19.9 %)
- EBIT SEK 7.6 m (SEK 8.9 m)
- Net profit SEK 5.7 m (SEK 8.5 m)
- EPS before dilution SEK 0.10 (SEK 0.16)
- Cash flow from operating activities SEK 14.7 m (SEK 22.4 m)

\* Comparison figures in this report has been adjusted to reflect the remaining operations after the sale of the business area Customer Specific Solutions in Denmark during the fourth quarter. For additional information, see specification in the groups consolidated income statement summary and the note 8 quarters in summary.

### INCOME STATEMENT - SUMMARY

(SEK Million)	Apr-Jun		Jan-Jun		Rolling 12 months	Full year 2015
	2016	2015	2016	2015		
Net sales	101,5	88,3	188,8	172,7	365,4	349,3
whereof recurring revenue	43,3	40,8	88,1	82,7	173,8	168,4
EBITDA	21,5	15,8	37,9	34,4	77,2	73,7
EBIT - excluding items affecting comparability	7,9	3,0	10,7	8,9	23,7	21,8
EBIT	4,8	3,0	7,6	8,9	18,6	19,8

### COMMENTS FROM THE GROUP CEO

*Despite a quarter without licensing deals of real dignity, we accomplish a good quarter. We have continued our work to review the cost, thus improving our margins. Virtually all business areas show better margins compared to the same period last year.*

*Orders wise, it is interesting to highlight that our product LaserNet continues to win business around the world, and that these transactions are often generated by our partners and sold as a cloud service. Even in the loss-making field of Life Science, we find bright spots in the form of won business as a pure cloud service.*

*We see an increasingly clear trend of increased demand for cloud services in all our customer groups. Needless to say these transactions will give no positive effect on the result initially but it creates stable recurring revenue streams over time. Software delivered as a cloud service also facilitates additional sales over time, where an additional module can be easily added to an existing customer without large delivery projects as a result. The delivery project to Stockholm city is proceeding according to plan, the first tollgate of the project plan was*

*passed and approved during the quarter. So far, slightly above 10 million to revenues, which exclusively is made up of consultancy revenue. No part of the systems revenues has yet been entered in the accounts. The project is weighing on cash flow, and explains why it is weaker than we normally perform.*

*During the quarter we received additional purchase price of just over 3 million relating to the divested business area customized consulting services. In order to improve our margins, we have continued our efforts to create a more cost-effective organization structure. Restructuring costs, primarily relating to management, has been included in their entirety in the quarter and accounted for as non-recurring items.*

*Personnel expenses in the quarter is higher than normal, which is largely explained by an adjusted basis of accruals for variable compensation. The quarter was burdened thereby of costs attributable to prior periods. Costs will be back at the normal level to the next quarter.*

## **SIGNIFICANT EVENTS DURING THE PERIOD APRIL – JUNE 2016**

### **ORDER FROM A DANISH AUTHORITY**

Formpipe received a supplementary order on the Grants management product TAS from a Danish authority. The total order value amounts to SEK 1.8 million.

### **UK LASERNET ORDER**

Formpipe received an order on the ECM product Lasernet through a UK based partner. The total order value amounts to SEK 2.1 million over a four year period.

### **ORDER FROM TWO MUNICIPALITIES**

Formpipe received an order for Long-Term Archive from two Swedish Municipalities. The total order value amounts to SEK 1.4 million.

### **ORDER FROM BLUEFISH PHARMACEUTICALS**

Formpipe received an order from Bluefish Pharmaceuticals regarding a cloud-based Enterprise Compliant Platform, for managing their Quality Management processes. The total order value amounts to SEK 3.6 million over five years.

### **ANNUAL GENERAL MEETING**

At the AGM on April 25 decisions were made regarding:

- Adoption of the income statement and balance sheet for the 2015 financial year.
- The re-election of Bo Nordlander, Kristina Lindgren and Charlotte Hanson as board members and the election of Peter Lindström and Martin Henricson as new board members. Bo Nordlander was re-elected as chairman of the board.
- The re-election of the auditing firm PricewaterhouseCoopers AB as the auditors of the Company with Aleksander Lyckow as the principal auditor.
- Principles for the Nomination Committee.
- The AGM approved the Board's proposal to authorise the Board to issue new shares or convertibles.
- The AGM approved for the Board to acquire and transfer the company's own shares.
- The AGM approved the issue of share warrants to the personnel.
- The AGM approved for the proposal regarding guidelines for remuneration to senior executives.

### **ISSUE OF WARRANT INCENTIVE PROGRAM**

It was decided at the AGM held on 25 April to issue 500 000 warrants offered to all employees within the Formpipe Software group, where one option gives the right to subscribe for one new share. The programme was fully subscribed.

### **INCREASED NUMBER OF SHARES**

During the period the personnel warrant program 2013/2016 was exercised. A total of 1 130 2016 new shares were issued from this program. The number of shares and votes in the Company has therefore increased with 1 130 206 and the share capital has increased with SEK 113 020.6. After the issue of new shares, the total number of shares and votes in the Company amounts to 51 273 608 and the share capital to SEK 5 127 360.8.

## **SIGNIFICANT EVENTS AFTER THE PERIOD APRIL – JUNE 2016**

### **ORDER FROM A BRITISH COMPANY IN THE ENERGY SECTOR**

Formpipe received an order from a British company in the Energy industry on the ECM product Lasetnet. The order was received through Formpipes partner Ferranti as a cloud based solution. The order value amounts to SEK 1.4 million over a four-year period.

## **MARKET**

Formpipe focuses its offerings on the public sector in Sweden and Denmark, in the international market on the Life Sciences industry and Legal sector and on industry independent offerings in respect of input/output management. According to the Radar Group, ECM continues to be a high priority investment area for companies and organizations.

Greater regulatory requirements and effective information management as a means of competition are important driving forces that have a tendency to be continually strengthened in connection with the increased amount of information.

### **PUBLIC SECTOR**

According to analysts at Radar Group, ECM continues to be a high-priority investment area for the public sector. According to Radar, the ECM market for the public sector in Sweden will see growth of 5.1 (3.0) per cent, with an equivalent figure for Denmark of 4.3 (2.8) per cent.

The ECM market for public sector is less sensitive to market fluctuations than other sectors since they have a continuous need to invest in effective e-government solutions. Shrinking younger age groups must support a growing senior age group, while rising living standards are still expected. Public administration is facing major cost driving challenges and changes in fields such as digitisation and streamlining of operations, accessibility and service via the web and reduced costs for production of standardised IT. Both Formpipe and external analysts estimate that the need for efficient administration will lead to continued investments by the public sector in existing or new ECM systems. The number of public agencies that have a budget for ECM will also increase from year to year. The trend points to reducing operational costs through initiatives like outsourcing, so that resources are freed up for e-administration development. As part of this

trend, investments are increasingly being financed through operating budgets. ECM solutions have evolved from being an IT issue to becoming a strategic business issue.

#### **CHALLENGES/DRIVING FORCES IN THE PUBLIC SECTOR**

Public administrations in Europe are facing the challenge of improving efficiency, productivity and the quality of their services. All these challenges must though be met with unchanged or even reduced budgets. Information and communication technology helps the public sector to handle challenges such as:

- Ever increasing squeeze on financial conditions.
- Increased demands in regard to transparency and improved service levels from citizens and companies.
- A demographic reality that means that in future we must do more with fewer resources.

#### **LIFE SCIENCE**

Formpipe currently has customers in a number of European countries, as well as in the USA, regarding products and services for quality management and regulatory compliance. Like the public sector, the Life Sciences Industry has strict regulatory requirements. The market is strictly regulated by the national regulations of the market that the product or service is to be submitted to (in the US the regulator is the Food and Drug Administration (FDA), in the European Union it is the EMEA, etc).

It is estimated that the market for ECM products for the Life Sciences industry will grow strongly among medium-sized enterprises (200-1,000 users), as these are starting to use the same efficiency-enhancing tools as the major, traditional pharmaceutical companies. The major companies (more than 1,000 users) are seeing a trend towards replacing several different local systems with integrated turnkey solutions which provide a better overview and reduce administration and maintenance costs. It is thought that the market for EQMS products for Life Sciences companies' subcontractors will also grow, as they need to comply with the industry's regulations on account of the fact that they are increasingly playing a key role in the delivery and supply chain.

#### **INPUT/OUTPUT MANAGEMENT**

Formpipe's offering regarding input and output management, Lasernet, is essentially linked to the ERP market. The software is used for designing, converting and distributing business documents with data retrieved directly from any ERP system and it has more than 2,000 customers within a variety of industries all over the world.

Formpipe focuses on further reinforcing its offering for customers implementing Microsoft Dynamics, currently one of the fastest-growing ERP systems on the market. Formpipe has a well-developed partnership with a number of key partners in countries such as the Netherlands, Germany, Denmark and Sweden, and as a result it is able to benefit from the major sales successes for Microsoft Dynamics.

#### **THE FUTURE**

Formpipe is a leading supplier of ECM solutions in Sweden and Denmark. The Company considers it is well-positioned to be able to develop and strengthen its leading position while retaining good profitability levels. The company sees good opportunities to continue to utilize its experience from its successes within the public sector in Sweden and Denmark, which from an international perspective are considered models for efficient public administration, in order to target new markets and customer segments. With well-invested products, solid experience of the public sector and facilities for continued product development, the company sees opportunities to focus on the demand at EU level which with increased regulatory requirements can be expected to increase its investments in the coming years. In addition to the Swedish public sector, Formpipe Software also focuses on the life science sector, which like the public sector is a segment that is strictly regulated by regulatory requirements. The Company has developed a competitive offering to this sector. The life science market is faced with the same regulatory requirements regardless of geographical location, which creates a very large international market. The company's strategy with focus on the public sector and Life Science creates good opportunities to be able to efficiently develop market-leading offerings and need sector-specific requirements.

The board believes that Formpipe, which is one of the largest European-based ECM suppliers, is well-positioned with a stable customer base, a high share of recurring revenue and a focus on customer segments with a high need for ECM solutions. At the same time, the board considers that the ECM market is a sector undergoing consolidation and views acquisitions as a good complement to organic growth.

#### **FINANCIAL INFORMATION**

Revenues and costs for the outcome and comparison figures has been adjusted to reflect the remaining operations after the sale of the business area Customer Specific Solutions in Denmark during the fourth quarter.

#### **REVENUE**

##### **APRIL-JUNE 2016**

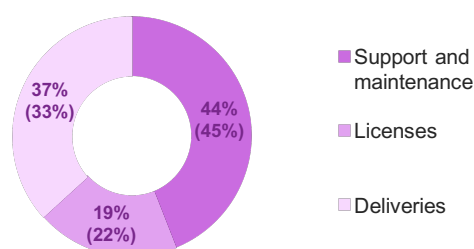
Net sales for the period totalled to SEK 101.5 million (88.3 million), which corresponds to an increase of 15 %. System revenue increased by 4 % from the previous year and totalled to SEK 61.3 million (58.9 million). Total recurring revenue for the period increased by 6 % from the previous year and totalled to SEK 43.3 million (48.8 million), which is equivalent to 43 % of net sales. Exchange rate effects have affected net sales negatively by SEK 0.4 million in comparison with the previous year.

##### **JANUARY – JUNE 2016**

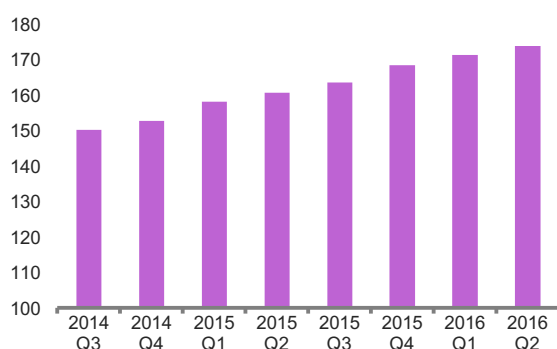
Net sales for the period totalled to SEK 188.8 million (172.7 million), which corresponds to an increase of 9 %. System revenue increased by 3 % from the previous year

and totalled to SEK 119.5 million (116.1 million). Total recurring revenue for the period increased by 7 % from the previous year and totalled to SEK 88.1 million (82.7 million), which is equivalent to 47 % of net sales. Exchange rate effects have affected net sales negatively by SEK 0.7 million in comparison with the previous year.

#### Breakdown of sales, Jan – Jun 2016



#### Recurring revenue rolling 12-month, SEKm



## COSTS

#### APRIL-JUNE 2016

The operating costs for the period increased by 10 % and totalled to SEK 93.6 million (85.3 million). Personnel costs increased by 7 % and totalled to SEK 56.3 million (52.7 million). Selling expenses totalled to SEK 13.9 million (11.9 million). Other costs totalled to SEK 18.7 million (18.7 million). During the period costs relating to restructuring reserves have been recognised of SEK 3.1 million (-million).

#### JANUARY – JUNE 2016

The operating costs for the period increased by 9 % and totalled to SEK 178.1 million (163.8 million). Personnel costs increased by 4 % and totalled to SEK 107.4 million (103.3 million). Selling expenses totalled to SEK 26.8 million (22.0 million). Other costs totalled to SEK 36.1 million (34.6 million). During the period costs relating to restructuring reserves have been recognised of SEK 3.1 million (-million).

## EARNINGS

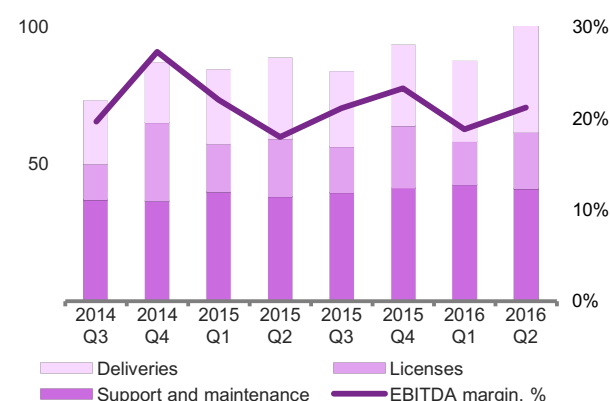
#### APRIL-JUNE 2016

Operating profit before depreciation and amortization and one-off costs (EBITDA) totalled to SEK 21.5 million (15.8 million) with an EBITDA margin of 21.2 % (17.9 %). Operating profit (EBIT) totalled to SEK 4.8 million (3.3 million) with an operating margin of 4.7 % (3.4 %). Net profit totalled to SEK 4.3 million (3.3 million). Net profit from discontinued operations amounted to SEK 3.1 million (2.1 million). Exchange rate effects have not had any substantial effect on EBITDA in comparison with the previous year.

#### JANUARY – JUNE 2016

Operating profit before depreciation and amortization and one-off costs (EBITDA) totalled to SEK 37.9 million (34.4 million) with an EBITDA margin of 20.1 % (19.9 %). Operating profit (EBIT) totalled to SEK 7.6 million (8.9 million) with an operating margin of 4.0 % (5.1 %). Net profit totalled to SEK 5.7 million (8.5 million). Net profit from discontinued operations amounted to SEK 3.1 million (5.2 million). Exchange rate effects have affected EBITDA positively by SEK 0.1 million in comparison with the previous year.

#### Sales and EBITDA margin, SEKm



## FINANCIAL POSITION AND LIQUIDITY

#### CASH EQUIVALENTS

Cash and cash equivalents at the end of the period amounted to SEK 30.4 million (18.5 million). The company had interest-bearing debt at the end of the period totalling to SEK 113.1 million (127.0) million. The company's net interest-bearing debt thereby totalled to SEK 82.7 million (108.5 million).

The company has bank overdraft facilities for a total of SEK 10.0 million and for DKK 17.0 million, which were not utilized at the end of the period (- million).

#### EQUITY

Equity at the end of the period amounted to SEK 330.1 million (309.6 million), which was equivalent to SEK 6.44

(6.17) per outstanding share at the end of the period. The strengthening of the Swedish krona has increased the value of the group's net assets in foreign currencies by SEK 7.5 million (-5.2 million) from the end of the year.

During the period the personnel warrant program 2013/2016 was exercised. A total of 1 130 2016 new shares were issued from this program. The number of shares and votes in the Company has therefore increased with 1 130 206. After the issue of new shares, the total number of shares and votes in the Company amounts to 51 273 608 and the share capital to SEK 5 127 360.80.

#### **EQUITY RATIO**

The equity ratio at the end of the period was 53 % (48 %).

#### **CASH FLOW**

##### **CASH FLOW FROM OPERATING ACTIVITIES**

Cash flow from operating activities for the period January - June totalled to SEK 14.7 million (27.6 million), of which divested business operations SEK - million (SEK 5.2 million).

##### **INVESTMENTS AND ACQUISITIONS**

Total investments for the period January - June amounted to SEK 19.7 million (22.3 million), of which investments affecting cash flow totalled to SEK 18.0 million (20.4 million).

Investments in intangible assets totalled to SEK 19.4 million (21.6 million) and refer to capitalized product development costs.

Investments in tangible assets totalled to SEK 0.3 million (0.7 million).

During the period received payment from acquisition/divestiture of business activities amounted to SEK 3.1 million (- million).

##### **FINANCING**

During the period January - June the company has amortized SEK 7.8 million (15.0 million) and the interest-bearing debt amounted to SEK 113.1 million (127.0 million) at the end of the period.

As an outcome from the exercise of the personnel warrant program 2013/2016, 1 130 2016 new shares was issued and payments amounting to SEK 7.5 million has been added to the Company. At the same time the Company repurchased 369 794 warrants to a value of SEK 0.5 million (- million).

During the period a new warrant program (2016/2019) has been issued to the company's personnel amounting to 500 000 warrants, which has provided the company with payments of SEK 0.3 million (0.2 million).

During the period dividends amounting to SEK 6.6 million (- million) has been paid out to shareholders.

#### **OTHER**

##### **EMPLOYEES**

The number of employees at the end of the reporting period totalled to 236 persons (256 persons of which 15 persons were related to discontinued business operations).

##### **RISKS AND UNCERTAINTY FACTORS**

The significant risk and uncertainty factors for the group and the parent company, which include business and financial risks, are described in the annual report for the last financial year. During the period there have been no changes in the risk and uncertainty factors for the group and the parent company.

##### **TRANSACTIONS WITH RELATED PARTIES**

No transactions with related parties have occurred during the period

##### **ACCOUNTING POLICIES**

The group's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS) in the way in which they have been adopted by the European Union, the Swedish Annual Accounts Act, RFR 1 Additional Accounting Regulations for Groups issued by the Swedish Financial Reporting Board and in accordance with the regulations that the Stockholm Stock Exchange stipulates for companies listed on Nasdaq Stockholm. Preparing financial reports in accordance with IFRS requires that the company management makes accounting evaluations and estimates and makes assumptions that affect the application of the accounting policies and the reported values of assets, liabilities, income and costs. The actual result can differ from these estimates and evaluations. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The most important accounting policies according to IFRS, which constitute the accounting standard for the preparation of this interim report, are stated in the company's most recently published annual report. During the fourth quarter of 2015 the business area Customer Specific Solutions has been sold. The business area, which earlier was included in Formpipe Groups segment Denmark, is therefore treated as a discontinued operation according to IFRS 5 and is accounted and disclosed in accordance with this accounting standard.

The financial reports of the parent company have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The same accounting policies and methods of calculation have been applied in the interim report and in the most recent annual report.

##### **ABOUT FORMPIPE**

Formpipe Software AB (publ) is a software company in the field of ECM (Enterprise Content Management). We develop and deliver ECM products for structuring information in larger companies, the public sector and organizations. Our software helps organizations to capture and place information in context. Reduced costs, minimized

risk exposure and structured information are the benefits from using our ECM products.

Formpipe was founded in 2004 and has offices in Sweden, Denmark, United Kingdom, the Netherlands and USA. The Formpipe share is listed on Nasdaq Stockholm.

#### **CALENDAR FOR FINANCIAL INFORMATION**

October 25, 2016	Interim report Jan-Sep
February 10, 2017	Interim report Jan-Dec

This interim report has not been subject to review by the company's auditors.

#### **FINANCIAL INFORMATION**

Can be ordered from the below contact details. All financial information is published on [www.formpipe.com](http://www.formpipe.com) immediately after being made public.

#### **CONTACT INFORMATION**

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Stockholm July 12, 2016  
Formpipe Software AB  
The Board of Directors and the Managing Director

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**CONSOLIDATED INCOME STATEMENT SUMMARY**

(SEK 000)	Apr-Jun		Jan-Jun	
	2016	2015	2016	2015
<b>Net Sales</b>	<b>101 531</b>	<b>88 329</b>	<b>188 806</b>	<b>172 669</b>
Sales expenses	-13 939	-11 925	-26 826	-21 995
Other costs	-18 724	-18 746	-36 123	-34 597
Personell costs	-56 277	-52 736	-107 376	-103 273
Capitalized work for own account	8 887	10 901	19 411	21 597
<b>Operating profit/loss before depreciation/amortization and non-comparative items (EBITDA)</b>	<b>21 478</b>	<b>15 823</b>	<b>37 893</b>	<b>34 401</b>
Items affecting comparability	-3 118	-	-3 118	-
Depreciation/amortization	-13 559	-12 834	-27 143	-25 542
<b>Operating profit/loss (EBIT)</b>	<b>4 801</b>	<b>2 989</b>	<b>7 632</b>	<b>8 860</b>
Financial income and expenses	-1 149	-1 321	-2 406	-2 782
Exchange rate differences	93	-627	164	-2 450
Tax	-1 890	77	-2 095	-299
<b>Net profit for the period from remaining business</b>	<b>1 856</b>	<b>1 118</b>	<b>3 295</b>	<b>3 329</b>
Profit/loss attributable to discontinued business	-	2 133	-	5 194
Realization gains from discontinued business	2 434	-	2 434	-
<b>Net profit for the period</b>	<b>4 290</b>	<b>3 251</b>	<b>5 729</b>	<b>8 523</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	4 248	3 077	5 130	8 129
Shareholding with no controlling influence	41	174	599	393
<u>Other comprehensive income</u>				
Translation differences	7 079	-1 008	7 512	-5 236
Other comprehensive income for the period, net after tax	7 079	-1 008	7 512	-5 236
<b>Total comprehensive income for the period</b>	<b>11 368</b>	<b>2 243</b>	<b>13 241</b>	<b>3 286</b>
<u>Of which the following relates to:</u>				
Parent company shareholders	11 327	2 070	12 642	2 893
Shareholding with no controlling influence	41	174	599	393
<i>EBITDA margin, %</i>	<i>21,2%</i>	<i>17,9%</i>	<i>20,1%</i>	<i>19,9%</i>
<i>EBIT margin, %</i>	<i>4,7%</i>	<i>3,4%</i>	<i>4,0%</i>	<i>5,1%</i>
<i>Profit margin, %</i>	<i>4,2%</i>	<i>3,7%</i>	<i>3,0%</i>	<i>4,9%</i>
Earnings per share attributable to the parent company's shareholders during the period (SEK per share)				
- before dilution	0,08	0,06	0,10	0,16
- after dilution	0,08	0,06	0,10	0,16
- before dilution, remaining business	0,04	0,02	0,05	0,06
- after dilution, remaining business	0,04	0,02	0,05	0,06
- before dilution, discontinued business	0	0,04	0	0,10
- after dilution, discontinued business	0	0,04	0	0,10
Average no. of shares before dilution, in 000	50 520	50 143	50 332	50 143
Average no. of shares after dilution, in 000	50 932	50 638	50 841	50 444

This is a translation of the original Swedish version. In the event of any discrepancies between the two versions, the original Swedish version shall take precedence.

**CONSOLIDATED BALANCE SHEET SUMMARY**

(SEK 000)	Jun 30		Dec 31
	2016	2015	2015
Intangible assets	474 810	498 643	473 393
Tangible assets	4 350	3 867	3 898
Financial assets	1 481	1 385	1 425
Deferred tax asset	23 495	23 773	23 680
Current assets (excl. cash equivalents)	86 624	93 121	77 723
Cash equivalents	30 379	18 519	37 670
<b>TOTAL ASSETS</b>	<b>621 139</b>	<b>639 308</b>	<b>617 789</b>
Equity	330 073	309 586	315 108
Shareholding with no controlling influence	2 397	4 222	3 378
Long-term liabilities	126 581	161 342	132 260
Current liabilities	162 087	164 158	167 043
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>621 139</b>	<b>639 308</b>	<b>617 789</b>
Net interest-bearing debt (-) / cash (+)	-82 725	-108 483	-79 081

**CHANGES IN CONSOLIDATED EQUITY**

(SEK 000)	Equity attributable to the parent company's shareholders				Total	Shareholdings with no controlling influence	Total
	Share capital	Other contributed capital	Translation reserves	Profit/loss brought forward			
<b>Balance at January 1, 2015</b>	<b>5 014</b>	<b>186 464</b>	<b>14 670</b>	<b>100 301</b>	<b>306 448</b>	<b>3 829</b>	<b>310 277</b>
<b>Comprehensive income</b>							
Net profit for the period	-	-	-	8 129	8 129	393	8 523
Other comprehensive income items	-	-	-5 236	-	-5 236	-	-5 236
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-5 236</b>	<b>8 129</b>	<b>2 893</b>	<b>393</b>	<b>3 286</b>
<b>Transaction with owners</b>							
Employee warrant schemes	-	245	-	-	245	-	245
<b>Total transaction with owners</b>	<b>-</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>-</b>	<b>245</b>
<b>Balance at June 30, 2015</b>	<b>5 014</b>	<b>186 709</b>	<b>9 434</b>	<b>108 430</b>	<b>309 586</b>	<b>4 222</b>	<b>313 808</b>
<b>Balance at January 1, 2016</b>	<b>5 014</b>	<b>186 709</b>	<b>4 454</b>	<b>118 930</b>	<b>315 108</b>	<b>3 378</b>	<b>318 486</b>
<b>Comprehensive income</b>							
Net profit for the period	-	-	-	5 130	5 130	599	5 729
Other comprehensive income items	-	-	7 512	-	7 512	-	7 512
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>7 512</b>	<b>5 130</b>	<b>12 642</b>	<b>599</b>	<b>13 241</b>
<b>Transaction with owners</b>							
Dividend	-	-	-	-5 014	-5 014	-1 579	-6 594
Share issue	113	7 425	-	-	7 538	-	7 538
Repurchase of warrants	-	-466	-	-	-466	-	-466
Employee warrant schemes	-	265	-	-	265	-	265
<b>Total transaction with owners</b>	<b>113</b>	<b>7 224</b>	<b>-</b>	<b>-5 014</b>	<b>2 323</b>	<b>-1 579</b>	<b>744</b>
<b>Balance at June 30, 2016</b>	<b>5 127</b>	<b>193 933</b>	<b>11 966</b>	<b>119 046</b>	<b>330 073</b>	<b>2 397</b>	<b>332 471</b>

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## CASH FLOW STATEMENT SUMMARY

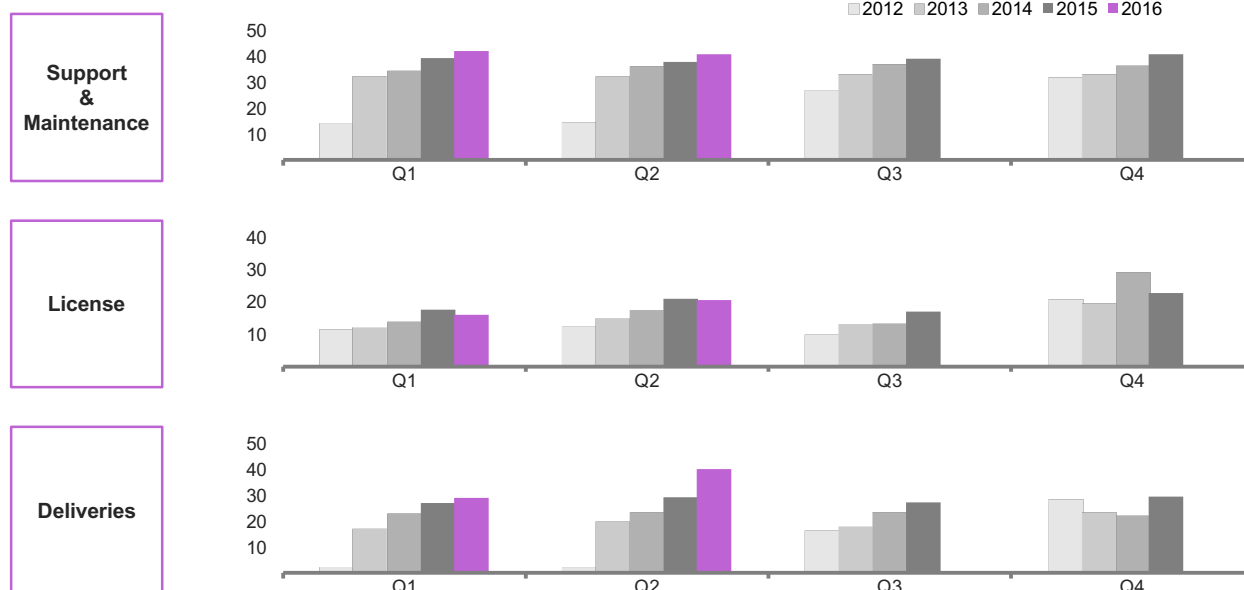
(SEK 000)	Apr-Jun		Jan-Jun	
	2016	2015	2016	2015
Cash flow from operating activities before working capital changes	17 728	13 526	30 799	32 036
Cash flow from working capital changes	-15 233	-5 572	-16 127	-9 651
<b>Cash flow from remaining operating activities</b>	<b>2 495</b>	<b>7 954</b>	<b>14 672</b>	<b>22 385</b>
Cash flow from discontinued business	-	2 133	-	5 194
<b>Cash flow from operating activities</b>	<b>2 495</b>	<b>10 087</b>	<b>14 672</b>	<b>27 579</b>
Cash flow from investing activities	-5 526	-10 317	-14 925	-20 439
<i>Of which acquisition/divestiture of business activities</i>	3 121	-	3 121	-
Cash flow from financing activities	-3 122	-5 236	-7 037	-14 732
<i>Of which dividend paid</i>	-6 593	-	-6 593	-
<b>Cash flow for the period</b>	<b>-6 154</b>	<b>-5 466</b>	<b>-7 291</b>	<b>-7 592</b>
<b>Change in cash and cash equivalent</b>				
Cash and cash equivalent at the beginning of the period	36 658	23 958	37 670	26 035
Translation differences	-125	26	-	76
Cash flow for the period	-6 154	-5 466	-7 291	-7 592
<b>Cash and cash equivalent at the end of the period</b>	<b>30 379</b>	<b>18 519</b>	<b>30 379</b>	<b>18 519</b>

## 8 QUARTERS IN SUMMARY\*

(SEK 000)	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
Support and maintenance	36 796	36 219	39 511	38 058	39 254	40 893	42 150	40 842
Licenses	12 977	28 600	17 617	20 884	17 025	22 708	15 999	20 459
System revenue	49 773	64 820	57 128	58 942	56 279	63 602	58 149	61 301
<i>whereof recurring revenue</i>	39 249	38 713	41 899	40 826	42 076	43 603	44 806	43 308
Deliveries	23 255	22 037	27 163	29 388	27 235	29 522	29 126	40 230
<b>Net sales</b>	<b>73 028</b>	<b>86 857</b>	<b>84 291</b>	<b>88 329</b>	<b>83 514</b>	<b>93 123</b>	<b>87 275</b>	<b>101 531</b>
Sales expenses	-10 964	-5 083	-10 062	-11 925	-12 381	-14 033	-12 886	-13 939
Other costs	-16 170	-18 014	-16 645	-18 746	-18 912	-17 757	-17 399	-18 724
Personnel costs	-40 450	-51 479	-49 722	-52 736	-46 077	-51 607	-51 099	-56 277
Capitalized development costs	8 882	11 410	10 696	10 901	11 448	11 957	10 524	8 887
Total operating expenses	-58 702	-63 165	-65 733	-72 506	-65 922	-71 440	-70 861	-80 053
<b>EBITDA</b>	<b>14 326</b>	<b>23 691</b>	<b>18 558</b>	<b>15 823</b>	<b>17 592</b>	<b>21 683</b>	<b>16 415</b>	<b>21 478</b>
%	19,6%	27,3%	22,0%	17,9%	21,1%	23,3%	18,8%	21,2%
Items affecting comparability	-667	-	-	-	-1 947	-	-	-3 118
Depreciation/amortization	-11 470	-12 066	-12 708	-12 834	-13 030	-13 308	-13 584	-13 559
<b>EBIT</b>	<b>2 189</b>	<b>11 625</b>	<b>5 850</b>	<b>2 989</b>	<b>2 614</b>	<b>8 375</b>	<b>2 831</b>	<b>4 801</b>
%	3,0%	13,4%	6,9%	3,4%	3,1%	9,0%	3,2%	4,7%
Discontinued business:								
Net sales	8 854	10 456	9 692	7 493	4 627	2 165	-	-
EBITDA	3 133	5 204	4 102	2 844	1 683	-43	-	-

\* Adjusted to reflect the remaining business after disposal of customer specific consulting services in Denmark in 2015 Q4.

## SALES ANALYSIS BY QUARTER



## SEGMENT SUMMARY

In order to visualize the effects from the disposal of the customer specific consulting services in Denmark December 11, 2015, the direct revenues and costs attributable to this business have been recorded separately. The business was previously a part of the segment Denmark.

(SEK 000)	Jan-Jun 2016						
	Sweden	Denmark	Life Science	Eliminations	Remaining business	Discontinued business	Group
Sales, external	77 658	106 541	4 606	-	188 806	-	188 806
Sales, internal	2 913	99	791	-3 803	-	-	-
<b>Total sales</b>	<b>80 571</b>	<b>106 640</b>	<b>5 397</b>	<b>-3 803</b>	<b>188 806</b>		<b>188 806</b>
Costs, external	-55 199	-87 006	-8 707	-	-150 912	-	-150 912
Costs, internal	-2 649	-351	-803	3 803	-	-	-
<b>EBITDA</b>	<b>22 723</b>	<b>19 283</b>	<b>-4 113</b>	<b>-</b>	<b>37 893</b>	<b>-</b>	<b>37 893</b>
%	28,2%	18,1%	-76,2%		20,1%	-	20,1%

(SEK 000)	Jan-Jun 2015						
	Sweden	Denmark	Life Science	Eliminations	Remaining business	Discontinued business	Group
Sales, external	67 147	96 585	8 936	-	172 668	17 137	189 805
Sales, internal	2 460	-	-	-2 460	-	-	-
<b>Total sales</b>	<b>69 607</b>	<b>96 585</b>	<b>8 936</b>	<b>-2 460</b>	<b>172 668</b>	<b>17 137</b>	<b>189 805</b>
Costs, external	-44 559	-81 708	-12 000	-	-138 267	-10 211	-148 478
Costs, internal	-2 378	-82	-	2 460	-	-	-
<b>EBITDA</b>	<b>22 670</b>	<b>14 796</b>	<b>-3 064</b>	<b>-</b>	<b>34 402</b>	<b>6 925</b>	<b>41 327</b>
%	32,6%	15,3%	-34,3%		19,9%	40,4%	21,8%

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## NUMBER OF SHARES

	2012-01-01	2013-01-01	2014-01-01	2015-01-01	2016-01-01
	2012-12-31	2013-12-31	2014-12-31	2015-12-31	2016-03-31
Number of outstanding shares at the beginning of the period	12 233 647	48 934 588	48 934 588	50 143 402	50 143 402
Share issue	36 700 941	-	-	-	1 130 206
Non-cash issue	-	-	1 208 814	-	-
<b>Number of outstanding shares at the end of the period</b>	<b>48 934 588</b>	<b>48 934 588</b>	<b>50 143 402</b>	<b>50 143 402</b>	<b>51 273 608</b>

## KEY RATIOS FOR THE GROUP

	Jan-Jun	
	2016	2015
Net sales, SEK 000	188 806	172 669
EBITDA, SEK 000	37 893	34 401
EBIT, SEK 000	7 632	8 860
Net profit for the period, SEK 000	5 729	8 523
EBITDA margin, %	20,1%	19,9%
EBIT margin, %	4,0%	5,1%
Profit margin, %	3,0%	4,9%
Return on equity, %*	4,6%	6,8%
Return on working capital, %*	4,4%	5,5%
Equity ratio, %	53%	48%
Equity per outstanding share at the end of the period, SEK	6,44	6,17
Earnings per share - before dilution, SEK	0,10	0,16
Earnings per share - after dilution, SEK	0,10	0,16
Share price at the end of the period, SEK	8,40	8,55

\* Ratios including P&L measures are based on the most recent 12-month period

## PARENT COMPANY INCOME STATEMENT SUMMARY

(SEK 000)	Apr-Jun		Jan-Jun	
	2016	2015	2016	2015
<b>Net sales</b>	<b>26 869</b>	<b>27 219</b>	<b>31 728</b>	<b>29 570</b>
Operating expenses				
Sales expenses	-3 705	-568	-4 855	-1 197
Other costs	-16 530	-28 475	-19 148	-30 820
Personnel costs	-13 138	-8 683	-22 193	-17 036
Depreciation/amortization	-1 555	-455	-3 113	-906
Total operating expenses	-34 927	-38 180	-49 309	-49 958
<b>Operating profit/loss</b>	<b>-8 058</b>	<b>-10 961</b>	<b>-17 581</b>	<b>-20 389</b>
Result from participations in group companies	2 921	-	2 921	-
Other financial items	518	1	1 132	-1 011
<b>Net profit for the period</b>	<b>-4 619</b>	<b>-10 960</b>	<b>-13 529</b>	<b>-21 399</b>

## PARENT COMPANY BALANCE SHEET SUMMARY

(SEK 000)	Jun 30		Dec 31
	2016	2015	2015
Intangible assets	22 691	4 033	3 432
Tangible assets	964	1 125	1 022
Financial assets	422 714	440 142	426 923
Deferred tax asset	3 635	6 440	3 635
Current assets (excl. cash equivalents)	44 468	7 448	34 125
Cash and bank balances	30 046	20 755	41 165
<b>TOTAL ASSETS</b>	<b>524 517</b>	<b>479 944</b>	<b>510 303</b>
Restricted equity	22 818	22 705	22 705
Non-restricted equity	212 328	182 911	213 507
Total equity	235 146	205 616	236 212
Long-term liabilities	121 434	135 387	107 036
Current liabilities	167 937	138 941	167 054
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>524 517</b>	<b>479 944</b>	<b>510 303</b>

## PLEGDED ASSETS AND CONTINGENT LIABILITIES

Pledged assets refers to shares in subsidiaries as security for loans. The pledged assets in the Group is the same as disclosed for the Parent Company.

Ställda säkerheter	31 mar		31 dec
	2016	2015	2015
Pledged assets	363	370	334
Contingent liabilities	-	-	-

## DEFINITIONS

Formpipe uses alternative key figures, also called APM (Alternative Performance Measures). From July 3<sup>rd</sup> 2016 new guidelines were implemented by the European Union regarding alternative APM's, which Formpipe uses in published reports. Formpipe's APM's is calculated from the financial reports, which are prepared in accordance with applicable rules for financial reporting, where prepared figures is altered by adding or subtracting amounts from the presented numbers. Below the alternative performance measures, that Formpipe uses in published reports, are defined and described

### SYSTEM REVENUE

The total of license revenue and revenue from support and maintenance contracts.

### RECURRING REVENUE

Revenue of an annually recurring nature such as support and maintenance revenue and revenue from rental license agreement.

### EBITDA

Earnings before depreciation, amortization, acquisition-related costs and other items of a one-off nature.

### EBIT

Operating profit/loss

### FREE CASH FLOW

Cash flow from operating activities minus cash flow from investing activities excluding acquisitions.

### EQUITY PER SHARE

Equity at the end of the period divided by the number of shares at the end of the period.

### RETURN ON EQUITY

Profit/loss after tax as a percentage of average equity

### RETURN ON WORKING CAPITAL

Operating profit/loss as a percentage of average working capital (balance sheet total less non-interest bearing liabilities and cash and bank balances).

### OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION (EBITDA MARGIN)

Earnings before depreciation, amortization, acquisition-related costs and other items of a one-off nature as a percentage of net sales.

### OPERATING MARGIN (EBIT MARGIN)

Operating profit/loss as a percentage of net sales.

### PROFIT MARGIN

Net profit/loss after tax as a percentage of sales at the end of the period.

### EQUITY RATIO

Equity as a percentage of the balance sheet total.

### EARNINGS PER SHARE - BEFORE DILUTION

Net profit/loss after tax divided by the average number of shares during the period.

### EARNINGS PER SHARE - AFTER DILUTION

Net profit/loss after tax adjusted for dilution effects divided by the average number of shares after dilution during the period.